MEETING NOTE

NAME OF ORGANIZATION: Electricity Distributors Association (EDA)

DATE/TIME OF MEETING: TBD

LOCATION OF MEETING: TBD

PURPOSE: To discuss the EDA's Long Term Energy Plan (LTEP) submission.

ATTENDEES:

Ministry of Energy:
Deputy Minister Serge Imbrogno
EDA:
Teresa Sarkasian, President and CEO
Justin Rangooni, VP, Policy & Government Affairs
Todd Wilcox, Chair – EDA Board of Directors
Vinay Sharma, Vice Chair – EDA Board of Directors
Brian Wilkie, Incoming Vice Chair – EDA Board of Directors

Sussex Strategy:
Chris Benedetti, Principal, or
Sarah Simmons, Senior Associate

LAST MEETING: The Minister of Energy, Hon. Glenn Thibeault met with the EDA on March 2, 2017**.**

ANTICIPATED AGENDA ITEMS:

1. EDA's LTEP Submission
2. Rate Mitigation – Ontario's Fair Hydro Plan
3. Disconnections
4. Supporting Net Metering and Distributed Generation
5. Enhancing the Conservation First Framework and Integrating Conservation and Climate Change Programs

NOTES ON AGENDA ITEMS:

1. EDA's Long Term Energy Plan Submission

- The Ministry of Energy is developing the next Long-Term Energy Plan (LTEP), which sets out the direction for Ontario's energy future. The EDA provided its LTEP submission to the Ministry on December 16, 2016.

Suggested Response:

- **To support LTEP development, the Ministry is reviewing the feedback received at in-person sessions, Indigenous engagements, and through online tools such as the Environmental Registry.**

- **Thank you for your continued participation in our LTEP engagement process. We will consider the recommendations put forward in the EDA's submission in our development of the 2017 LTEP.**

- **The Ministry expects to release the next LTEP in mid-2017.**

Background:

- In its submission, the EDA has provided 29 recommendations under 4 categories which the EDA suggest should be key focus areas for the 2017 LTEP:

    - Expanding conservation and integrating climate change:

        - 14 recommendations which center on reaffirming the government's commitment to 'Conservation First', extending and expanding the current conservation framework and removing barriers to enable LDCs to further rollout programs, particularly to residential customers.

    - Pursuing further efficiencies and savings:

        - 9 recommendations which center on moving costs to deliver the Rural or Remote Rate Program (RRRP) to the tax base, reducing the regulatory burden imposed by the OEB and allowing LDCs to perform the exclusive functions of the Meter Data and Management Repository (MDM/R) at a lower cost.

    - Supporting partnerships:

        - 4 recommendations which center on extending incentives and removing barriers to encouraging consolidation, mergers and partnerships, including private investment, among LDCs.

    - Driving innovation:

        - 2 recommendations which center on ensuring that LDCs are integrally involved in electrification initiatives and the integration of distributed generation across the province.

- The Ministry held in-person stakeholder and public open houses in 17 communities across Ontario in October and November 2017. There were also 17 parallel sessions in Indigenous communities. The Ministry received over 1500 submissions through the Environmental Registry, as well as feedback through emails and other channels.

- EDA representatives attended LTEP consultation sessions in Toronto, Ottawa, St. Catharines, Kitchener, Mississauga and Barrie.

- In February 2017, the EDA released "The Power to Connect: Advancing Customer-Driven Electricity Solutions for Ontario," a Vision Paper as part of its platform for LTEP.

2. Rate Mitigation – Ontario's Fair Hydro Plan

- On March 2, 2017, the government announced a suite of new measures as part of Ontario's Fair Hydro Plan to reduce electricity bills for Ontarians.

Suggested Response:

- **The government is committed to ensuring an affordable energy system for all Ontarians. The new measures under Ontario's Fair Hydro Plan will have a significant impact on consumers' monthly bill and will help the most vulnerable.**

- **Starting this summer, Ontario's Fair Hydro Plan will provide households with an average 25% reduction on their electricity bills. Many small businesses and farms will also benefit from the initiative. People with low incomes and those living in eligible rural communities will receive even greater reductions on their electricity bills.**

- **I look forward to the support of the EDA and its members in implementing these measures which represent the single largest electricity rate relief plan in the Province's history.**

Background:

- Ontario's Fair Hydro Plan includes:

    - Refinancing the Global Adjustment (GA) over a longer term period for Regulated Price Plan (RPP) eligible consumers, including families, farms and small businesses.

    - Helping vulnerable electricity consumers by enhancing electricity support and conservation programs and removing costs from electricity bills. Eligible consumers will receive additional funding through assistance programs including:

        - Establishing a new Affordability Fund which will support Ontarians who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance.

    - Broadening Rural or Remote Rate Protection (RRRP) to provide Distribution Charge Relief to additional customers served by LDCs with the highest rates.

    - Expanding the Ontario Electricity Support Program (OESP) to increase participation and provide further assistance to eligible participants.

    - On-reserve First Nations customers will receive a 100 per cent credit of the delivery line on their monthly electricity bills.

  - Any electricity rate increases over the next four years will be held to the rate of inflation.

  - Improving sector efficiency and modernizing Ontario's electricity market, working in collaboration with the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).

  - Expanding the Industrial Conservation Initiative (ICI) program by reducing the threshold from 1 MW to 500 kW and targeting more small manufacturing and industrial consumers.

- On January 5 2017 the EDA met with Secretary of Cabinet Steve Orsini to advise on the EDA's proposals for reducing costs within the electricity distribution sector. The recommendations proposed are also included in the EDA's 2017 LTEP submission to the Ministry.

- According to the EDA, implementing measures in 3 key areas, would result in savings of over $290 million a year for Ontario ratepayers. Two of these measures, transferring RRRP to the tax base and reducing regulatory burden are part of the Fair Hydro Plan.

Measure	Monthly Savings for the average customer	Annual Savings for all ratepayers
Transferring funding responsibility of the RRRP to the tax base	$1.58	$237 million
Removing the Smart Metering Charge (MDM/R)	$0.57	$34.2 million
Regulatory Streamlining	$0.40	$24 million
TOTAL	**$2.55**	**$295.2 million**

- ENERGY staff have had preliminary discussions with EDA (Teresa Sarkesian) regarding the Affordability Fund principles. EDA has expressed support for the Fund and offered to continue to provide input as needed.

3. Disconnections

- On Thursday, February 23 2017 the OEB amended LDCs' licences to prohibit the disconnection of residential electricity customers for the remainder of the winter.

<u>**Suggested Response:**</u>

- **The government has made it clear that at no point, under any circumstances, should Ontarians be put at risk as a result of difficulties they are experiencing paying their electricity bill.**

- **I commend the LDCs who voluntary implemented policies to cease disconnection of their residential customers for the rest of the winter.**

- **The powers granted to the OEB as part of *The Protecting Vulnerable Energy Consumers Act, 2017*, will now formally enhance protection for customers struggling with bill payment and prone to particular vulnerability during the cold winter months.**

<u>Background:</u>

- On Thursday, February 16 2017 the Minister wrote to LDCs to request that they implement a voluntary moratorium on residential disconnections for the rest of the winter.

- On February 21, the EDA responded to confirm that many LDCs had implemented the Minister's request and to suggest that providing clarity to the sector on a numbers of issues identified by the EDA would expedite further LDC compliance.

    - Issues included: concerns regarding the impact on the financial stability of LDCs and socialization of higher levels of debt to other paying customers, the requirement for clarity regarding the application of other arrears management tools, confirmation of the customer types which the government sought to target, and clarification that LDCs could continue to disconnect vacant/derelict properties.

- As not all LDCs agreed to temporality cease disconnection of residential customers, on Wednesday, February 22 2017 *Bill 95 – The Protecting Vulnerable Energy Consumers Act, 2017* was introduced and later received Royal Assent.

    - This legislation gives the OEB additional powers to make rules or licence conditions respecting the periods of time during which gas or electricity utilities cannot disconnect electricity or gas service to low-volume consumers. For example, prohibiting disconnections during the winter months.

- On Thursday, February 23 2017 the OEB issued a Decision and Order amending the licences of all LDCs to ban the disconnection of residential consumers solely for nonpayment for the period through April 30, 2017, and to require that disconnected homes be reconnected as soon as possible at no charge.

- The OEB's Decision and Order also banned the installation of load limiting devices solely for nonpayment for the period through April 30, 2017, and requires that load limiting devices be removed from homes with devices currently installed as soon as possible at no charge.

- LDCs are required to report to the OEB on their progress in reconnecting or restoring full service to residential customers beginning on March 3 2017 and every 7 calendar days thereafter. The OEB has not set a deadline for the completion of this activity.

    - According to the OEB, as of February 23 2017 there were 930 residential premises disconnected and 3,000 residential premises with a load limiting device.

- The Decision and Order issued on February 23, 2017, indicated that the new license conditions are intended to be an interim measure, to cover the balance of this winter period. The Order indicated that the OEB is launching a comprehensive review of the customer service rules that apply to both electricity and natural gas distributors. Customer service rules relating to disconnection will be a key part of that review, and will be the subject of consultation with consumers, distributors and other interested stakeholders over the course of the coming months.

4. Supporting Net Metering and Distributed Generation

- The EDA recommends that the Ontario government should:

    - In collaboration with the Ontario Energy Board (OEB) and the Independent Electricity System Operator (IESO), coordinate with Local Distribution Companies (LDCs) to streamline the integration of distributed generation in a way that does not compromise reliability or strand assets;

    - Immediately address regulatory issues and restrictions, such as allowing third party ownership of net metering projects; and

    - Provide certainty regarding funding, with a specific recommendation that the OEB should move to immediately complete the distribution rate design for commercial and industrial customers.

<u>**Suggested Response:**</u>

Distributed Generation Integration and Regulatory Issues and Restrictions

- **The Ministry of Energy is updating the net metering program in response to the 2013 Long-Term Energy Plan (LTEP) commitment to examine the evolution**

of the microFIT program to a net metering program. The updated program will support initiatives under the Government's 2016-2020 Climate Change Action Plan (CCAP).

- **In February 2017, Ontario posted an amended Net Metering Regulation (O.Reg. 541/05) to e-Laws.**

- **The Ministry is also examining additional program updates related to third-party ownership of net metering facilities and inclusion of virtual net metering models in Ontario's net metering program. It will be engaging stakeholders and Indigenous groups on these potential updates between now and end of March.**

- **Since July 2015, the Ministry has been working closely with an Advisory Working Group comprised of representatives from several LDCs, the OEB, and the IESO.**

- **The Ministry is also holding targeted stakeholder meetings as part of the consultation process for these updates to the net metering program. I understand that Ministry staff are in touch with your organization to arrange targeted meetings with distributors in March.**

- **Stakeholder feedback at LTEP consultations in Fall 2016 identified the need to recognize and incorporate the opportunities and challenges associated with Distributed Generation (DG) into the next LTEP.**

Funding Certainty

- **Details of the "Ontario Climate Change Solutions Deployment Corporation" (ie. Green Bank) and funding under Ontario's Climate Change Action Plan are still under consideration by the Ministry of Environment and Climate Change. I'm not able to comment on any potential funding under those programs under development.**

- **The Climate Change Action Plan does, however, spell out some opportunities for net metering to contribute to reducing greenhouse gas emissions, including facilitating near net-zero and net-zero energy homes and buildings.**

- **For more information on the Climate Change Action Plan, please contact Ministry of the Environment and Climate Change.**

<u>Background:</u>

Net Metering

- The Ministry of Energy has considered feedback received from stakeholder consultations and engagements held over Summer/Fall 2015 and posted proposed updates to Ontario's 2005 Net Metering Regulation on the Environmental and Regulatory Registries on August 19, 2016 for a 48 day comment period.

- In February 2017, Ontario posted an amended Net Metering Regulation (O.Reg. 541/05) to e-Laws (part 1 changes). The program updates include clarification of the 12 month carryover period for bill credits, removal of the 500 kW project capacity size limit and enable pairing of energy storage with renewable energy systems. The amendments will come into force July 1, 2017.

- The Ministry is also examining potential additional program updates (part 2) related to third-party ownership and virtual net metering models. ENERGY staff are currently engaging stakeholders and Indigenous groups on these potential updates.

- Since July 2015, the Ministry has been working closely with an Advisory Working Group comprised of industry, LDC and agency representatives on this initiative.

- A public webinar was held on January 12, 2017, to inform stakeholders and Indigenous groups of opportunities to provide their input and to provide an overview of third-party ownership and virtual net metering models under consideration. Approximately 360 registrants participated in the webinar.

- A questionnaire was circulated following the webinar, which is intended to capture broad input from stakeholders and Indigenous groups and to identify issues and challenges related to third-party ownership and virtual net metering. The submission deadline for the questionnaire was February 8, 2017.

- The intent is that the updated net metering program will support customer choice in generating clean, renewable energy, help reduce load on the electricity system and enable innovative technologies and customer-utility relationships.

5. Enhancing the Conservation First Framework and Integrating Conservation and Climate Change Programs

- In their 2017 LTEP submission, the EDA discussed the upcoming Conservation First Framework (CFF) and Industrial Accelerator Program (IAP) Mid Term Review (MTR) Process, and recommended:

    - Extending the 2015-2020 CFF beyond 2020 to avoid major disruptions to conservation program offerings.

    - The IESO should incent LDC collaboration between electricity and gas utilities

- In their 2017 LTEP submission, the EDA recommended alignment between conservation with climate change objectives. Specifically they recommended:

    - Leveraging existing conservation infrastructure, and

- Setting aside portion of cap and trade funding to encourage residential conservation programs with deeper longer-term savings.

<u>Suggested Response:</u>

Enhancing the CFF

- **The IESO is commencing the formal CFF and IAP Mid-Term Review process.**

- **We are pleased to know that the EDA is a part of the Mid-Term Advisory Group, and encourage the EDA to raise their concerns through the MTR process.**

- **It is too early to comment on the transition from the CFF to a subsequent CDM framework post 2020. As the Ministry did in the past, an appropriate plan will be developed, considering the input from the Mid-Term Review process.**

- **We are pleased with the progress LDCs are making to join conservation efforts, including with support of the IESO Collaboration Fund. We understand from the IESO that coordination between gas and electric utilities has been challenging. This is an area where we will be looking to additional advice from our agencies at the Mid-Terms.**

Integration Conservation and Climate Change Programs

- **Ontario's Climate Change Action Plan (CCAP) will play a key role in the development of the 2017 Long Term Energy Plan.**

- **ENERGY is actively engaged with MOECC in the development of the Ontario Climate Change Solutions Deployment Corporation (or "Green Bank" in the CCAP).**

- **I encourage EDA to bring forward opportunities to align with CCAP programs through the MTR process.**

<u>Background:</u>

- The IESO was directed to work with distributors to complete a formal Mid-Term Review of the CFF by June 1, 2018. The OEB was also directed to complete a formal mid-term review of the natural gas Demand Side Management Framework on the same timeline.

- The IESO's review will focus on targets, budgets, progress, lessons learned (on cost recovery, performance incentive mechanisms and Conservation and Demand Management (CDM) contribution to regional planning), and alignment with Climate Change Action Plan (CCAP) programs.

- The IESO's Mid-Term Review will also provide an opportunity for distributors to provide feedback on the CFF and opportunities for the 2018 to 2020 period.

- The CCAP Cabinet Minute committed that MOECC will work with MEDG, MRIS, MOF, ENERGY, MOH, TBS and other ministries as appropriate to establish a "Green Bank" – now called Climate Change Agency – with a focus on deploying and financing low-carbon technologies for homes and businesses.

- ENERGY is working with MOECC to help inform the governance and program delivery approach of the Climate Change Agency.

APPENDIX:

- **Item 1 – EDA's LTEP Submission**

- The EDA's LTEP submission provides 29 recommendations which fall under the categories of 1) expanding conservation and integrating climate change; 2) pursuing further efficiencies and savings; 3) supporting partnerships; and 4) driving innovation. Key recommendations include:

Expanding Conservation and Integrating Climate Change

- Given the success of cost-effective conservation that has deferred or avoided the need for new generation infrastructure in the province, the government should reaffirm its commitment to "Conservation First" and extend the current framework to provide certainty for long-term conservation initiatives.

- Review the current budget structure to ensure LDCs don't face disincentives to delivering programs with high upfront costs. Assigned budgets and targets should be periodically reviewed and rolled forward for LDCs to continue to deliver CDM.

- Expand the definition of conservation to include programs at the distribution level, such as conservation voltage reduction, line loss reduction and other programs 'in front of the meter'. Such programs would reduce peak demand pressures, increase reliability and efficiency and improve power quality.

    - Also consider including energy savings from pricing structures and related initiatives i.e. Time-of-Use (TOU) as contributing to LDC's conservation targets.

- Enhance the variety of residential programs as conservation savings from this group are lower than for business and industrial customers and households continue to see the largest impact from rising electricity prices:

    - Streamline IESO's approval process for local programs/pilots so that LDCs can be out in the market faster to engage customers;

    - IESO, with LDCs, should review residential programs with the potential for significant uptake and lower Total Resource Cost (TRC) thresholds for these programs as appropriate; and

    - Dedicate a portion of the cap and trade proceeds to fund more residential programs (including increasing events and communication).

- IESO should work with LDCs and gas utilities to develop a memorandum of understanding to foster a more streamlined approach to LDC-gas program collaboration which is beneficial to all parties, including the customer.

- Leverage existing conservation infrastructure to deliver Climate Change Action Plan (CCAP) programs as it will be more cost effective than building a new governance and program delivery structure. Align conservation goals with CCAP objectives to mitigate customer confusion and ensure conservation targets are not negatively impacted.

- To remove the disincentive for customers who are at the 1 MW threshold, amend ICI to allow customer participation even if conservation reduces peak load below eligible threshold.

- Account for regional challenges (e.g. transmission constraints, economic conditions) in long-term conservation projections under LTEP.

Pursing Further Efficiencies and Savings

- Deliver Rural or Remote Rate Protection (RRRP) through the tax base, consistent with the delivery of the Northern Ontario Energy Credit. According to the EDA this would result in savings for the average residential customer of almost $20 per year.

- Given the increasing cost and burden associated with OEB regulatory filings:

    - Regulations should be modernized and streamlined:

        - Simplify filing guidelines from the OEB

        - Phase-out OEB's quarterly Reporting and Record-Keeping Requirements (RRR) filing requirements

        - Enable shared services between LDCs without OEB pre-approval

    - Government should expand scope of the Burden Reduction Strategy to review the regulatory requirements for LDCs and provide independent recommendations for streamlining. This review should be prioritized.

    - All new OEB regulatory requirements should provide a cost-benefit analysis for customers and distributors.

    - OEB should adapt a digital strategy and eliminate requirement for LDCs to submit hard copies of applications and reports – this would reduce costs in the hundreds of thousands of dollars for LDCs.

- Minimize cost and business interruptions when implementing government policy decisions e.g. 8% rebate, ending DRC etc by working with LDCs to pace implementation of Customer Information System (CIS) changes by setting a schedule e.g. twice annually on January 1 and July 1.

- Phase out the Smart Meter Charge (SMC) which funds the province's central Meter Data Management and Repository (MDM/R). Ontarians could save almost $0.57 per month for the average ratepayer, by enabling LDCs across Ontario to perform the same (and additional) functions as the MDM/R but at a lower cost.

Facilitating Partnerships

- Provide certainty to LDCs by extending the tax-relief measures which were implemented as part of the 2015 budget to encourage consolidation by LDCs.

- Clarify that if an investor invests in a partnership where one or more municipal LDCs are partners, then the Transfer Tax will only apply if the value of the investment held by the municipal LDC decreases as a result of the investment, thereby losing its municipal exempt status.

- Provide certainty that PILs credits can be carried over following municipal to municipal merger/acquisition and address any unintended tax consequences following merger/acquisition.

- Provide time-limited relief of tax on recaptured depreciation.

Driving Innovation

- The government, OEB and the IESO should coordinate with LDCs to streamline the integration of distributed generation in a way that does not compromise reliability or strand assets. OEB should also address cost recovery.

- LDCs should be integrally involved in implementation of electrification initiatives arising from the Climate Change Action Plan as these initiatives will involve careful planning with LDCs on costs, analyzing loads and upgrading assets while protecting reliability.

    - On February 2, 2017, the EDA released its report ‘The Power to Connect – Advancing Customer-Driven Electricity Solutions for Ontario’. This report outlines the EDA’s vision for the LDC of the future as well as barriers to achieving this vision and an action plan to address the barrier outlined.

    - The report sets out that in an era of energy industry transformation, LDCs are uniquely positioned to leverage their existing customer relationships, expertise, brand recognition, and knowledge of their local distribution networks to enable, integrate, and orchestrate distributed energy resources (DER) in Ontario.

❖ **Item 2 – Price Mitigation – Ontario’s Fair Hydro Plan**

- On March 2, 2017, the Government announced a suite of measures under Ontario’s Fair Hydro Plan to reduce electricity bills for Ontarians.

- Pending legislation and regulation amendments, changes to implement elements of the Fair Hydro Plan would enter into effect in Summer 2017.

- Measures under Ontario's Fair Hydro Plan include:

Refinancing the Global Adjustment (GA)

- GA generally reflects the fixed costs of running Ontario's generation fleet, as well as the cost of conservation programs. The IESO calculates the amount of GA each month which varies depending on the Hourly Ontario Energy Price (HOEP).

- There is an opportunity to recognize the long-term benefit of Ontario's generation assets to the electricity system which extend beyond their 20 year contracts and "bring forward" that benefit for ratepayers today by deferring some of the current costs. GA refinancing would spread these costs over a longer period and provide immediate ratepayer relief.

- Under current forecasts, the immediate reduction in the GA would be about $2.5 billion per year on average over the first 10 years, with annual interest costs not exceeding $1.4 billion.

- The government intends to introduce legislation to enable the IESO and Ontario Power Generation to work together to finance the GA over a longer period of time.

Enhancing Electricity Support Programs

- Rural or Remote Rate Protection (RRRP) mitigates some of the high costs of electricity distribution for some customers in rural or remote areas of the Province. RRRP will be broadened such that customers with the highest-cost distribution rates will have their costs harmonized at the lowest level among the selected group of eligible LDCs. The enhanced program will benefit about 800,000 customers in total.

    - LDCs benefitting from the expanded RRRP include: Hydro One R2 and R1 customers, Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC.

    - RRRP costs will be moved to the taxbase which is projected to cost approximately $500M in the coming fiscal year.

- The Ontario Electricity Support Program (OESP) is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers by providing a rebate directly on bills. OESP will be broadened to increase program uptake and increase OESP credits by 50%.

    - Low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and the lowest credit for the enhanced scale (those with electricity heat, certain intensive medical devices and Indigenous people) would increase from $45 to $68 ($816 per year, an increase of $276).

  - Efforts to increase program uptake will involve streamlining the application process, increasing awareness of the program and exploring automatic qualification for customers enrolled in other low-income support programs.

  - OESP funding will be moved to the taxbase which is projected to cost approximately $185M in the coming fiscal year.

- An LDC "Affordability Fund" will be established to assist electricity customers who cannot qualify for low-income conservation programs such as the Home Assistance Program to carry out energy efficiency improvements.

  - The Province will work with Hydro One, in consultation with all other LDCs, to establish a Trust to serve as the administrator of the Affordability Fund.

  - The Province will pay for the Affordability Fund through provincial revenues.

- An On-Reserve First Nations Delivery Credit will be established whereby on-reserve First Nations customers (~21,500 customers) will receive a 100% credit on the delivery line of their monthly electricity bills.

  - The OEB estimates this would provide residential customers with an average monthly benefit of $85.

  - This program will be funded via the tax base at a cost of $20 million in the 2017-18 fiscal year.

- Combined, these measures will cost the government up to $2.5 billion over the next 3 years.

Future Rate Increases

- Any rate increases over the next four years will be held to the rate of inflation.

Optimizing Agency Efficiencies

- The government is tasking the OEB and the IESO with identifying opportunities to drive efficiency and productivity improvements in order to reduce costs passed on to customers.

  - Areas of focus for the OEB include: encouraging shared partnerships between LDCs, reducing 'red tape' in the OEB's regulatory requirements and further driving transmitter and LDC efficiency and productivity improvements.

  - The IESO will continue its Market Renewal Project that is intended to enhance the efficiency and performance of the wholesale electricity market design in three work streams: Energy Market, Capacity Auction and

Operability. This is estimated to save $200 million per year starting in 2021.

ICI Threshold Reduction

- The Industrial Conservation Initiative (ICI) allows large electricity consumers to lower their electricity costs by reducing their demand during peak hours. Reducing demand during peak hours benefits companies financially and benefits the electricity system by deferring the need for new peaking generation.

- Ontario is expanding the ICI program by reducing the threshold from 1 MW to 500 kW and targeting more small manufacturing and industrial consumers. The government recently reduced the threshold from 5MW to 1MW.

❖ **Item 3 – Disconnections**

- Disconnection for non-payment of electricity bills is authorized under Section 31 of the Electricity Act, 1998, and may include disconnection during the winter months. Similarly, the natural gas utilities may disconnect customers for non-payment of their bill.

- The OEB has implemented customer service codes which must be followed by a utility prior to taking any action to disconnect customers in default of payment. Rules set out in the OEB's Distribution System Code (DSC) which electricity utilities must follow in relation to the possible disconnection of a residential consumer, include:

    - Utilities must give at least 10 days advance notice of disconnection. The period is much longer (60 days) for customers that have told their utility that disconnection could have serious negative effects on the health of someone in the household.

    - The disconnection notice has to contain information about repayment options such as equal billing and arrears management programs that may be available to the consumer. Further it must be advised that additional assistance may be available for eligible low-income customers.

    - The distributor has to make reasonable efforts to contact the consumer in person or by phone at least 48 hours before disconnecting them.

    - Low-income customers may be subject to special rules for example, the distributor has to suspend disconnection for 21 days if, at the time, a consumer is being assessed for eligibility to receive Low-Income Energy Assistance Program (LEAP) emergency funding.

    - A distributor can't disconnect a consumer with a smart meter based on an estimated bill.

    - If a customer is disconnected, they generally have to be reconnected within two business days after they pay the overdue amount or enter into an arrears management program

- Disconnections are generally used as a last resort, since utilities are interested in maintaining service to all of their customers.

- For example, many LDCs install load limiters ahead of moving ahead with full disconnection.

    - Load limiters or timed service interrupters allow a customer to run a small number of electrical items in his or her premises at any given time, and if the customer exceeds the limit of the load limiter, then the device will interrupt the power until it is reset.

- In response to a survey issued by the OEB in mid February 2017, 42 LDC indicated that they use load control devices as an alternative to disconnection. Also, 25 LDCs reported that they had a winter moratorium on disconnections at that time.

- The *Protecting Vulnerable Energy Consumers Act, 2017* (Royal Assent on February 22 2017) strengthens the OEB's authority in relation to disconnections by allowing the OEB to ban the disconnection of low-volume (residential and small business) consumers during certain periods.

- This legislation also makes it clear that the OEB's rules prevail over the statutory right to disconnect that electricity and natural gas distributors have under the *Electricity Act, 1998* and the *Public Utilities Act*, respectively.

- The licence amendments made by the OEB on February 23 2017:

    - Prohibit LDCs through to April 30 2017 from disconnecting or issuing a disconnection notice for an occupied residential property solely on the grounds of non-payment or installing a load limiter device in respect of an occupied residential property solely on the grounds of non-payment.

    - Require that LDCs reconnect or restore full power to disconnected or load limited (for nonpayment) residential properties as soon as possible at no charge.

- LDCs can continue to disconnect or install load limiters and do not have to reconnect or remove load limiters on the basis of an unsolicited request in writing from a customer given on or after February 24 2017.

❖ **Item 5 – Enhancing the Conservation First Framework and Integrating Conservation and Climate Change Programs**

<u>CFF and IAP Mid-Term Review</u>

- IESO posted CFF Mid-Term Review engagement plan in December 2016. A third party consultant will support the IESO with the completion of the mid-term review. IESO will incorporate input from stakeholders and communities through open (public) engagement meetings during the review.

- A Mid-Term Review Advisory Group has been formed to provide support and advice to the IESO for the completion of the mid-term review.

    - IESO has selected Mid-Term Review Advisory Group members, and plans to inform LDCs and stakeholders shortly.

    - The IESO received 29 applications for membership to fill 12 positions in the Advisory Group representing Consumers (5), LDCs (5) and Consultants (2).

    - EDA will be an observer, as will be ENERGY, MOECC, and the gas utilities.

    - The first meeting of the Advisory Group will take place on February 23, 2017.

CDM Framework beyond 2020:

- Conservation will continue to be a key element of the government's Long-Term Energy Plan. We know that there exists much potential in the market to achieve electricity savings through conservation and energy efficiency programs and improved codes and standards.

    - The IESO's 2016 APS indicates that if conservation incentive levels and budgets in place today continue into the future, the province can achieve electricity savings of 18 TWh by 2035. This represents a 12 per cent reduction in the province's electricity use.

        - The study will inform the Mid-Term Review of the Conservation First Framework, as well as regional planning and long term energy planning efforts.
- Conservation in the long-term (post 2020) hinges on the LTEP 2016 outlook scenarios and plans for electrification and potentially higher electricity demand.

Collaboration between electricity and gas utilities

- The CFF and DSM Framework encourage collaboration of conservation efforts among electricity and natural gas utilities.

- Under the CFF, the IESO has committed to review and provide a decision on joint LDC CDM plans more quickly than CDM plans submitted by a single LDC, and to provide expedited review of CDM programs involving LDC and/or gas utility collaboration.

- The IESO has approved 15 joint LDC CDM plans.

- Toronto Hydro and Enbridge Gas have launched a joint smart thermostats program, and are collaborating on delivery of the Home Assistance Program.

Climate Change Action Plan

- In June 2016, Ontario released its 2016-2020 Climate Change Action Plan (CCAP).

- The CCAP Cabinet minute committed that MOECC will work with MEDG, MRIS, MOF, ENERGY, MOH, TBS and other ministries as appropriate to establish a "Green Bank" – to be established through regulation as the Ontario Climate Change Solutions Deployment Corporation – with a focus on deploying and financing low-carbon technologies for homes and businesses.

- On December 15, 2016, MOECC posted a draft regulation establishing the Ontario Climate Change Solutions Deployment Corporation on the Environmental and Regulatory Registries. The comment period closed on January 30, 2017. The regulation has been approved by Cabinet.

❖ EDA Profile

About the EDA

- The EDA is an advocacy group that acts on behalf of most of Ontario's LDCs (approximately 70 LDCs).
    - Notably, Toronto Hydro and Hydro One are not members of the EDA.
    - EDA membership also extends to electricity affiliates – companies that are owned by the same shareholders as LDCs, but operate at arm's length in non-regulated, private markets – and commercial partners.

- The EDA has a staff of approximately 20 people, working from an office in Vaughan. It is governed by a board of directors that is representative of both the geographic and size-based diversity within the LDC membership.

Engagement:

- A key stated objective of the EDA is to "is to create and sustain a favorable policy and regulatory environment – favorable to the interests of our members, and ultimately of their customers, shareholders and communities."

- It does so through active engagement with the Ministry of Energy and the Ontario Energy Board, Ontario's independent regulator of LDCs.

- It also interacts with other ministries within the government, including providing submissions to the Ministry of Finance’s budget consultations.